

# COUNTY OF YORK

## MEMORANDUM

**DATE:** October 6, 2003 (BOS Mtg. 10/21/03)

**TO:** York County Board of Supervisors

**FROM:** James O. McReynolds, County Administrator

**SUBJECT:** Issuance of Lease Revenue Bonds to Finance Various County Capital Projects

As you are aware, the County is in the midst of several major capital projects. These projects include the 800 megahertz Communications System, approved by the Board in August 2003; the purchase of five fire trucks and two medic units approved by the Board in January 2003; and the Waterfront Revitalization approved by the Board in October 2002. Funding for all or part of the projects is to come from long-term financing. Staff has worked with the York County Industrial Development Authority (the "Authority"), along with Bond Counsel and the County's Financial Advisor to determine the optimum approach to this financing.

The recommended result, which is included in proposed in R03-173, is to bundle several capital projects into a single debt issue to be sold by the Authority. This proposal will not increase the amount of debt to be issued (\$18 million total, with \$11 million for the Yorktown Projects, \$4.5 million for Communications, and \$2.5 million for fire and rescue) but will reduce the overall costs and administration of borrowing. By bundling these projects into a single debt issue, the County will be able to avoid the costs of multiple issues and reduce the staff time required to prepare and administer the bonds.

The debt instruments proposed to be issued by the Authority are Lease Revenue Bonds. These bonds will require the County to lease certain property to the Authority and lease the property back from the Authority. In this way, the "leased" property serves as the collateral for the debt and the "lease-back" provision sets up the legal mechanism through which repayment will be guaranteed by an obligation of the County to make the debt-service payments, subject to appropriation.

Proposed Resolution R03-173 initiates the formal request from the Board of Supervisors to the Board of the Authority to issue the Lease Revenue Bonds. The Authority is scheduled to adopt the issuing resolution at their next scheduled meeting on November 5, 2003. Sale of the debt would then take place in mid-November.

I recommend approval of proposed Resolution R03-173 to request that the Industrial Development Authority issue Lease Revenue Bonds to finance the capital projects described above.

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Attachment:

- Proposed Resolution R03-173